Email Chain:

Muni Bond rating-Moody's

From: Breen, Kate
Sent: Thursday, May 31, 2012 9:48 AM
To: Robyn.Sinquefield@dot.gov
Cc: Funghi, John
Subject: Muni Bond rating-Moody's

Robyn,

Per your recent inquiry regarding SFMTA's bond rating, please see attached info and release from Moody's. According to our CFO, we are still waiting for S&P rating.

Thank you
Kate

Kate Breen
Government Affairs Manager
San Francisco Municipal Transportation Agency
1 S. Van Ness Ave., 7th floor
San Francisco, CA 94103
415-701-4338

MOODY'S
INVESTORS SERVICE

New Issue: Moody's assigns initial Aa3 rating to San Francisco Municipal Transportation Agency's $68 million revenue and refunding bonds, series 2012 A & B

Global Credit Research - 22 May 2012

Outlook is stable

SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY, CA
Mass Transit
CA

Moody's Rating

ISSUE	RATING
Revenue Bonds, Series 2012 A	Aa3
Sale Amount $44,375,000	
Expected Sale Date 06/25/12	
Rating Description Revenue: Government Enterprise	
Revenue Bonds, Series 2012 B	Aa3
Sale Amount $25,700,000	
Expected Sale Date 06/25/12	
Rating Description Revenue: Government Enterprise	

Moody's Outlook STA

Opinion

NEW YORK, May 22, 2012 --Moody's Investors Service has assigned a Aa3 rating and stable outlook to the San Francisco Municipal Transportation Agency's initial issuance of Revenue Bonds, Series 2012A and 2012B. The bonds are expected to be issued with a par amount of $68 million. The bonds are expected to price the week of June 25 and to have a 30-year maturity.

SUMMARY RATINGS RATIONALE

The bonds are secured by the agency's gross revenue pledge not including City General Fund revenues. Proceeds of the bonds will refund all outstanding parking project bonds and finance the first phase of a variety of capital improvement projects. The Aa3 long term rating reflects SFMTA's diversified revenue base; sound financial management with strong revenue raising flexibility; and strong demand for the essential services it provides in San Francisco. The rating also incorporates SFMTA's low debt burden and satisfactory legal provisions.

STRENGTHS

--Large service area with high essentiality

--Strong Additional Bonds Test (3 times)

--Diverse revenue stream including dedicated taxes, fares, parking revenues, fines, and governmental subsidies

--Automatic Indexing Policy that applies to fares, fees and charges

CHALLENGES

--Rising fixed costs attributable to healthcare and pension liability

--Deferred capital needs for a complex multimodal system

DETAILED CREDIT DISCUSSION

ESSENTIAL TRANSPORTATION SYSTEM IN A STRONG ECONOMIC SERVICE AREA

Established in 2002 through consolidation of the San Francisco Municipal Railway (Muni), and the Department of Parking and Traffic, SFMTA is the seventh largest transit system in the country and the region's largest and most heavily utilized. SFMTA transports close to 43% of all transit passengers in the region and carries more than 213 million passengers per year. SFMTA is governed by a seven-member board of directors, which is appointed by the city's mayor and confirmed by the city's board of supervisors. The agency operates 80 bus routes, 50 motor coaches, 14 electric trolley bus lines, 6 light rail lines, three cable car lines, and a historic street car line and manages 27,000 on-street parking spaces and 15,000 parking spaces in 20 garages and 21 surface lots (15% of all citywide parking spaces).

The agency is an enterprise department of San Francisco (G.O. rated Aa2/Stable) and a multi-modal transportation authority responsible for planning, designing, constructing, managing, operating and maintaining public transit, paratransit, street and traffic management and improvements, bicycle and pedestrian safety and enhancement programs, on and off-street parking improvements and programs, and the regulation of taxis and commercial vehicles. Located in San Francisco, the agency benefits from the economy of the Bay Area which includes retail, entertainment and the arts, conventions and tourism, service businesses, banking, professional and financial services, corporate headquarters, international and wholesale trade, multimedia and advertising, biotechnology and higher education.

SOUND OPERATION BOLSTERED BY DIVERSE REVENUE STREAM AND ECONOMIC RECOVERY; COMMITMENT TO MAINTAINING SOUND COVERAGE ON A NET-BASIS

Moody's expects coverage of debt service on all SFMTA obligations by net revenues to remain sound given the diverse mix of revenues and management's ability to increase revenues and implement the necessary budgetary adjustments. April 2009, the agency adopted an Automatic Indexing Implementation Plan applicable to fares, parking citations and garage parking rates, fines, fees and other charges. The plan, through use of a formula, allows SFMTA to adjusts the aforementioned charges by a rate equal to one-half of any change in the Bay Area Consumer Price Index, plus one-half of the annual percentage increase or decrease in the SFMTA's labor costs.

Although the bonds carry a gross pledge on pledged revenues, Moody's believes it is important to evaluate coverage on a net basis since the pledged revenues provide the bulk of the agency's operating revenues as well as supporting debt service. In fiscal 2011, operating grants (TDA and AB 1107) comprised 14% of operating revenues, with passenger fares accounting for 24.3% and general fund transfers and parking and traffic revenues accounting for 33% and 26% respectively. Passenger fares, parking and increase in charges coupled with the positive impacts from the economic recovery significantly bolstered total operating revenues. SFMTA's recovery ratio based on all pledged revenue is among the highest in the transit sector at 59.9%. Net working capital in 2011 was sizeable at $222 million (28.6% of gross operating expenses). Cash and investments totaled $290.6 million or approximately 371 days of operating cash on hand. As of March 2012, passenger revenues have come in 13.1% above prior year figures and passenger fares by general fund transfers are up by 10%.As of March 2012, passenger revenues have come in 13.1% above prior year figures.

SFMTA was successful in negotiating a three-year contract with its largest labor union representing about 50% of its employees in 2011 which is expected to produce $41 million in savings over the next 3 years. SFMTA employees are covered by benefit plans offered through the city of San Francisco which continues to face challenges related to healthcare and pensions. Despite the passage of pension reform and the city's efforts to lower employee costs, pension and benefit expenditures remain key challenges. SFMTA's pension and medical expenses have increased considerably over the last five years from $77.6 million in 2007 to $113 million in 2011. Salaries and benefits are expected to finish $50 million over budget in fiscal 2012 but have been offset by reductions in fringe benefits and other expenses.

The trajectory of SFMTA's long term pension and other post-employment benefit (OPEB) solution is contingent upon City of San Francisco as the SFMTA is a participant in the city's retirement and healthcare plans. San Francisco's OPEB liability is extremely large and a significant long-term challenge. The most recent actuarial valuation, prepared

December 2010, puts the city's unfunded liability at $4.4 billion as of July 2008. The city funds its OPEB obligations on a pay-go basis, paying $146 million in fiscal 2011. The pay-go figure compares to an ARC of $392 million for fiscal 2011. City voters approved a charter amendment that reduces the post-retirement eligibility and benefits for new hires starting after July 1, 2010 and increases the employee contribution rate from 7.5% of covered pay to 9.0%. This will help slow the growth of the OPEB obligation, but does not address the cost associated with current employees. This is a long-term challenge, rather than one that is pressing, but it is nonetheless significant.

Despite these considerable pressures, however, SFMTA successfully maintained its sound net coverage of all debt service obligations of 34.6 times, although this level is expected to decrease in upcoming years as the agency increases leverage to address replacement, enhancement or expansion of capital assets.

MODERATE DEBT, CONSERVATIVELY STRUCTURED

The current offerings add only slightly to the agency's annual debt obligations. SFMTA's current peak debt service payment obligation is $7 million in fiscal 2013, or about 1% of the agency's budgeted fiscal 2011 operating revenues. SFMTA's low debt burden is partly explained by support from the city and state sources that fund capital projects and deferral of major capital expenditure, which is not unusual for many transit and infrastructure focused agencies during the peak of the national economic downturn. Historically, planned major capital projects have been deferred, when either the project has been prioritized lower due to changing circumstances or the planned funding as part of the total project has not materialized. The SFMTA had a deferred replacement total of $2.2 billion as of fiscal 2009. Going forward the agency will finance projects in phases in an effort to avoid future deferral of capital expenses. A significant increase in debt would add negative pressure to the credit rating.

SATISFACTORY LEGAL PROVISIONS WITH FULLY FUNDED DEBT SERVICE RESERVE FUND

Legal protections as defined in the agency's bond resolution provide satisfactory security for bondholders. The rate covenant stipulates that the agency maintain revenues at levels to ensure an adequate 1.0 times annual debt service coverage on all outstanding revenue debt. The additional bonds test is set at a strong 3.0 times maximum annual debt service for all outstanding revenue bonds and additional bonds. The bond resolution also requires a debt service reserve fund fully funded equal to the lesser of maximum annual debt service (MADS), 10% of the bonds and parity senior lien bonds outstanding or 125% of the average principal and interest coming due in any succeeding fiscal year.

Outlook

Our outlook for the agency's long-term rating is stable. This outlook recognizes that the agency's diverse and stable revenue stream. The outlook also reflects the agency's large service area with high essentiality.

WHAT COULD MAKE THE RATING GO UP

--Sustained growth in pledged revenues combined with ridership growth leading to significantly increased reserves

WHAT COULD MAKE THE RATING GO DOWN

--Significant increase in fixed costs that pressure financial operations

--Sustained declines in ridership and revenues leading to depleted reserves and debt service coverage

PRINCIPAL RATING METHODOLOGY

The principal methodology used in this rating was Mass Transit published in June 2000. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

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Information sources used to prepare the rating are the following: parties involved in the ratings, parties not involved in the ratings, public information, confidential and proprietary Moody's Investors Service's information, and confidential and proprietary Moody's Analytics' information.

Moody's considers the quality of information available on the rated entity, obligation or credit satisfactory for the purposes of issuing a rating.

Moody's adopts all necessary measures so that the information it uses in assigning a rating is of sufficient quality and from sources Moody's considers to be reliable including, when appropriate, independent third-party sources. However, Moody's is not an auditor and cannot in every instance independently verify or validate information received in the rating process.

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Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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Email Chain:

SF Muni Seeks Prop 1A Funds for Central Subway

From: Breen, Kate
Sent: Friday, May 25, 2012 9:48 AM
To: Rose, Paul; Reiskin, Ed; Funghi, John
Subject: RE: SF Muni Seeks Prop 1A Funds for Central Subway

Sac Bee would be good but not sure how that pitch would work. Let's talk about contacting our allies on this to see what they can do. I am sure the Mayor's office can help us with contacts as well.

From: Rose, Paul
Sent: Friday, May 25, 2012 9:20 AM
To: Breen, Kate; Reiskin, Ed; Funghi, John
Subject: RE: SF Muni Seeks Prop 1A Funds for Central Subway

I like Bay Area Council, SVLG or even MTC…someone who can speak to the need for greater regional connectivity. Would Sac Bee be the strongest influencer for CTC?

From: Breen, Kate
Sent: Friday, May 25, 2012 9:02 AM
To: Reiskin, Ed; Funghi, John; Rose, Paul
Subject: FW: SF Muni Seeks Prop 1A Funds for Central Subway

Of note, see post below....I think we could use an op-ed very soon that emphasizes the benefits of the project to future HSR system....given timing of upcoming CTC decision in late June. Maybe a SFChamber, Bay Area Council, SVLG combined pro business piece in support of project and regional MOU?

SF Muni Seeks Prop 1A Funds for Central Subway

via California High Speed Rail Blog by Robert Cruickshank on 5/24/12

San Francisco Muni's Central Subway project is scheduled to begin tunneling next year, extending the T-Third light rail line north to Market and Chinatown under 4th Street and Stockton Street. It would serve the 4th and King station, and that why Muni is hoping they can tap into Prop 1A funds for the project, if 4th and King is used as a high speed rail station:

Muni's hopes to use state Proposition 1A funding to fill that hole were quashed when Gov. Jerry Brown vetoed the expenditure last year. Prop. 1A allots state dollars to local transit projects providing connectivity to California's still-mostly hypothetical high-speed rail system. Brown, however, denied Muni's grant application because a direct connection between the rail system and the proposed Central Subway was notably absent in the California High Speed Rail Authority's business plan.

Earlier this month, Muni appealed to the state once more, submitting a revised grant proposal in hopes of landing that $61 million. In doing so, Muni requests connectivity dollars — even if conventional definitions of connectivity aren't precisely met. "So long as Fourth and King remains open as an interim or permanent HSR station," the Muni proposal claims, the Central Subway will offer a direct connection.

Of course, the $61 million question is, will Fourth and King become a stop for high-speed trains? The California High Speed Rail Authority's revised business plan states that high-speed trains on the Caltrain corridor will only serve the stop "if necessary." Although the agency says that it does not expect to use the station, if demand or ridership increases by 2050, Fourth and King would serve as an overflow stop.

If Muni can't convince Governor Brown that the Central Subway deserves Prop 1A funds, then Muni will have to borrow money for it. The debt service funds will then have to come out of Muni's existing budget.

Governor Brown has in the past vetoed requests for the $950 million in Prop 1A funds marked for "connecting" rail service as part of his effort to instead promote the

development of a statewide rail plan. Muni will have to make a convincing case to the governor that the Central Subway fits into that vision. They didn't succeed in the past, and given that their current argument hinges on 4th and King, I'm not so sure they'll succeed now.

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To: Reiskin, Ed; Funghi, John; Rose, Paul
Subject: FW: SF Muni Seeks Prop 1A Funds for Central Subway

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- Get started using Google Reader to easily keep up with **all your favorite sites**

Email Chain:

Central Subway follow up questions

From: Breen, Kate
Sent: Friday, May 18, 2012 3:56 PM
To: Robyn.Sinquefield@dot.gov
Cc: Renee.Marler@dot.gov; Alexander.Smith@dot.gov; Jeffrey.S.Davis@dot.gov; Edward.Carranza@dot.gov; Leslie.Rogers@dot.gov; Bose, Sonali; Funghi, John; Webster, Monique; Goldberg, Joel; michael.patella@dot.gov
Subject: Re: Central Subway follow up questions

Hi Robyn,

Finance staff will provide a response ASAP for this update.

Thx

Kate

Sent from my iPhone

From: Goldberg, Joel
Sent: Friday, May 18, 2012 4:25 PM
To: 'Robyn.Sinquefield@dot.gov'
Cc: 'Renee.Marler@dot.gov'; 'Alexander.Smith@dot.gov'; 'Jeffrey.S.Davis@dot.gov'; 'Edward.Carranza@dot.gov'; 'Leslie.Rogers@dot.gov'; Bose, Sonali; Funghi, John; Webster, Monique; 'michael.patella@dot.gov'; Ames, Lewis; Anna LaForte; ben.stupka@sfcta.org; Breen, Kate; Funghi, John; Goldberg, Joel; Lau, Elissa; 'luis.zurinaga@sfcta.org'; Maria Lombardo; Stassevitch, Eric; Webster, Monique; Williams, Terrie
Subject: RE: Central Subway follow up questions

Hi, Robyn:

Here's the latest funding schedule. I've taken the FYs out of the table and made it a current funding snapshot. Thus the Actual Funding column is current through today (May 18, 2012) and the Projected Funding column simply means the future. Feel free to let me know if you have any questions. Thank you.

Funding Sources	Actual Funding	Projected Funding	Total
Federal Section 5309 New Starts	92.4	849.8	942.2
Federal Non-Section 5309 New Starts	41.0	0	41.0
State Funding	120.9	350.2	471.1
Local Funding	104.3	19.7	124.0
Total Funding Sources	**358.6**	**1219.7**	**1578.3**

Regards,

Joel C. Goldberg
Manager, Grants Procurement & Management
San Francisco Municipal Transportation Agency
W 415.701.4499
C 510.689.9850

From: Robyn.Sinquefield@dot.gov [mailto:Robyn.Sinquefield@dot.gov]
Sent: Friday, May 18, 2012 8:24 AM
To: Breen, Kate
Cc: Renee.Marler@dot.gov; Alexander.Smith@dot.gov; Jeffrey.S.Davis@dot.gov; Edward.Carranza@dot.gov; Leslie.Rogers@dot.gov; Bose, Sonali; Funghi, John; Webster, Monique; Goldberg, Joel; michael.patella@dot.gov
Subject: RE: Central Subway follow up questions

Hi Kate,

Thanks for this information, this is good news about the Prop 1B update. We look forward to receiving the ratings when you get those.

I have an additional request that hopefully should not be too difficult to generate. The financial plan that was provided for the FFGA has financials that are quite outdated at this point (the cash flow is from April 2011). It will help us to get some more up to date information regarding funding received to date. Could you provide us with an update of the information below, and let us know what date it reflects? For example, the table below is as of April 2011. The new data would be as of ____ 2012.

Funding Sources	Actual Funding thru FY2010	Projected Funding FY2011 – 2018	Total
Federal Section 5309 New Starts	$ 72.4	$ 869.8	$ 942.2
Federal Non-Section 5309 New Starts	6.0	35.0	41.0
State Funding	44.4	426.7	471.1
Local Funding	31.6	92.4	124.0
Total Funding Sources	**$ 154.4**	**$ 1,423.9**	**$ 1,578.3**

Thanks!
Robyn

From: Breen, Kate [mailto:Kate.Breen@sfmta.com]
Sent: Thursday, May 17, 2012 2:58 PM
To: Sinquefield, Robyn (FTA)
Cc: Marler, Renee (FTA); Smith, Alexander (FTA); Davis, Jeffrey (FTA); Carranza, Edward (FTA); Rogers, Leslie (FTA); Bose, Sonali; Funghi, John; Webster, Monique; Goldberg, Joel
Subject: RE: Central Subway follow up questions

Robyn,

1) Per SFMTA's CFO, SFMTA has not yet received ratings, likely next week.

2) On a just-in Prop 1B update, the SFMTA received good news yesterday from Caltrans that the project will be allocated $48M in Prop 1B bond funds from the most recent spring bond sale. This is good news and consistent with the state's commitment to the project. The balance of funds requested for this year is anticipated in fall bond sale and remainder from this fund source in future bond sales.

Thanks,
Kate

Kate Breen
Government Affairs Manager
San Francisco Municipal Transportation Agency
1 S. Van Ness Ave., 7th floor
San Francisco, CA 94103
415-701-4338

From: Breen, Kate
Sent: Thursday, May 17, 2012 7:33 AM
To: Robyn.Sinquefield@dot.gov; Funghi, John; Webster, Monique; Goldberg, Joel
Cc: Renee.Marler@dot.gov; Alexander.Smith@dot.gov; Jeffrey.S.Davis@dot.gov; Edward.Carranza@dot.gov; Leslie.Rogers@dot.gov
Subject: RE: Central Subway follow up questions

Robyn,

Hi, I will check in on rating status and advise.

thanks
Kate

From: Robyn.Sinquefield@dot.gov [mailto:Robyn.Sinquefield@dot.gov]
Sent: Thursday, May 17, 2012 5:49 AM
To: Breen, Kate; Funghi, John; Webster, Monique; Goldberg, Joel
Cc: Renee.Marler@dot.gov; Alexander.Smith@dot.gov; Jeffrey.S.Davis@dot.gov; Edward.Carranza@dot.gov; Leslie.Rogers@dot.gov
Subject: RE: Central Subway follow up questions

Hi Kate,

Thanks so much for this information. Alex forwarded it on to us. Have you received your ratings yet? If yes, what are they?

Thanks,
Robyn

From: Breen, Kate [Kate.Breen@sfmta.com]
Sent: Wednesday, May 16, 2012 10:50 AM
To: Smith, Alexander (FTA)
Cc: Funghi, John; Webster, Monique; Goldberg, Joel
Subject: Central Subway follow up questions

Hi Alex

Please see responses below to information you requested yesterday. Please let me know if you need additional information.

Status of SFMTA Revenue Bonds

On December 6, 2011, the SFMTA Board authorized the issuance of up to $170 million in revenue bonds, including the refinancing of outstanding revenue and lease revenue bonds related to certain parking garages and parking meters and providing funds for certain new projects, and authorized the Director of Transportation to execute and deliver the documents necessary for this transaction, including, a Bond Purchase Contract, an Indenture of Trust and a Continuing Disclosure Certificate and, with respect to the Preliminary Official Statement, to finalize the Preliminary Official Statement and return to the Board for approval of said document.

On April 17, 2012, the Board of Supervisors approved the issuance of up to $80 million in revenue bonds for 2012 for all of the bond refunding and a part of the transit and parking garage projects, with the issuance of the remainder of the revenue bonds expected in 2013.

Financing Schedule (subject to change)

April 2012	Board of Supervisors Budget and Finance Committee
	Board of Supervisors Approval (action completed April 17)
	File for Reverse Validation
May 2012	SFMTA Board Update and Preliminary Official Statement Approval (action completed May 1)
	Rating Agency Presentations
	Receive Ratings (anticipated week of May 14)
June 2012	End of 60-day Validation Period (June 18)
	Print and Mail POS
	Bond Pricing
	Bond Closing

Update on Proposition 1B State Bond Funds

To date Central Subway has received $58.532 M of Prop 1B bond funds (combined from SFMTA discretionary program and MTC's "Urban Core" commitment of Prop 1B funds).

Over the next six months, we anticipate receiving an additional $83 M from:

- this spring's state bond sales
- next fall's state bond sales
- reprogramming of bond sale proceeds: from a Caltrans-led reprogramming exercise whereby unspent and/or excess highway bond proceeds could be re-directed to PTMISEA eligible transit projects including Central Subway.
- Future proceeds are only subject to bond sales, no perceived risk for this fund source committed to SFMTA

Kate Breen
Government Affairs Manager
San Francisco Municipal Transportation Agency
1 S. Van Ness Ave., 7th floor
San Francisco, CA 94103
415-701-4338

Email Chain:

Central Subway Prop 1A assurance funding

From: Robyn.Sinquefield@dot.gov [mailto:Robyn.Sinquefield@dot.gov]
Sent: Tuesday, May 15, 2012 8:32 AM
To: Funghi, John; 'Edward.Carranza@dot.gov'; 'Jeffrey.S.Davis@dot.gov'; Kim.Nguyen@dot.gov; David.Kuehn@stvinc.com
Cc: Reiskin, Ed; Breen, Kate; Bose, Sonali; Webster, Monique; Derrin.Jourdan@dot.gov; Renee.Marler@dot.gov
Subject: RE: Central Subway Prop 1A assurance funding

Hi John,

Thanks for this information. There are two issues that need our attention this week so that we can keep things moving:

1. Probably today Renee will send you the FFGA contract. We will need SFMTA to review the contract and get back to us as soon as possible if there are any issues or questions.
2. The current Title VII EEO approval for SFMTA will expire in early June. We need a new submittal for EEO by the end of this week so that we can note that the item is pending in the FFGA approval package. Derrin Jourdan of FTA's civil rights office will be working with Virginia Harmon to ensure that FTA receives this information by Friday.

Thanks,
Robyn

From: Funghi, John
Sent: Tuesday, May 08, 2012 9:49 AM
To: Breen, Kate
Cc: Reiskin, Ed
Subject: RE: Central Subway Prop 1A assurance funding

FTA approval of a letter of No Prejudice allows us to proceed with the work, at our own risk, using only Local/State funding. The FTA has typically taken a year to approve our previous two requests. LONP's require the preparation of a formal cost/schedule justification package, evidence of local funding commitment approvals, a formal review by the FTA PMO and letter from FTA.

The timing is off and should have been offered as a back-up, months ago. The project would incur delay costs during the LONP preparation thru approval process, even if we had the actual Local/State funding in place.

John Funghi
SFMTA Central Subway Program Director
821 Howard Street, 2nd Floor
San Francisco, CA 94103
John.Funghi@sfmta.com
D 415.701.4299
C 415.420.7295

From: Breen, Kate
Sent: Tuesday, May 08, 2012 9:28 AM
To: Funghi, John
Cc: Reiskin, Ed
Subject: RE: Central Subway Prop 1A assurance funding

Thanks, how would any of this impact be mitigated by Robyn's offer of LONP?

Kate Breen
Government Affairs Manager
San Francisco Municipal Transportation Agency
1 S. Van Ness Ave., 7th floor
San Francisco, CA 94103
415-701-4338

From: Funghi, John
Sent: Tuesday, May 08, 2012 9:23 AM
To: Breen, Kate; Reiskin, Ed
Subject: RE: Central Subway Prop 1A assurance funding

Kate,

The impact is construction cost escalation and carry costs to maintain design/management team in place. The schedule impact is basically a day per day delay until FFGA is awarded and we can issue NTP's for our major construction contracts.

The delay costs are roughly $4 million dollars per month. Let me know if this detail is okay.

Thanks

John Funghi
SFMTA Central Subway Program Director
821 Howard Street, 2nd Floor
San Francisco, CA 94103
John.Funghi@sfmta.com
D 415.701.4299
C 415.420.7295

From: Breen, Kate
Sent: Tuesday, May 08, 2012 7:44 AM
To: Funghi, John; Reiskin, Ed
Subject: RE: Central Subway Prop 1A assurance funding

Checked in with Eve this am and plan now is to have Leader make the call we discussed. I will prepare talking pts this am and need to include bullets on specific impact of delay to project. John, can you send me specific details in this regard as it relates to impact on cost and schedule...dollars per day etc...all bad things stemming from delay.

thanks
Kate

From: Breen, Kate
Sent: Tuesday, May 08, 2012 7:37 AM
To: Reiskin, Ed
Subject: RE: Central Subway Prop 1A assurance funding

I have shared with Eve so can connect with Leader's office. FTA indicated just recently that they anticipated a May 15 submittal to OMB so...I agree with John, something's not right. I don't think we can do nothing. I will let you know initial feedback from Eve so we can decide next steps.

From: Reiskin, Ed
Sent: Monday, May 07, 2012 9:47 PM
To: Breen, Kate
Subject: RE: Central Subway Prop 1A assurance funding

Thoughts?

From: Funghi, John
Sent: Monday, May 07, 2012 5:08 PM
To: Reiskin, Ed; Breen, Kate
Subject: FW: Central Subway Prop 1A assurance funding

Ed,

Robyn Sinquefield indicated to me today that the FFGA will be transmitted to OMB at the end of the month, further delaying the FFGA receipt to September 2012. (OMB, June, 60 Day Congressional review July and August)

Robyn also indicated that she will probably have additional questions for us as she finalizes the FFGA package this month and Dwayne Weeks is currently responding to questions from Save Muni. We previously provided FTA Washington with our updated collateral that responds directly to the Save Muni point of view.

When I indicated to Robyn that this latest action will delay the project and increase project expenses, her response was that the FTA could quickly approve an LONP to keep the project moving forward?

This doesn't feel right. The FTA isn't focused at getting this out the door. I suggest that we arrange a teleconference for you and the FTA administrator. We'll set up with your approval.

John Funghi
SFMTA Central Subway Program Director
821 Howard Street, 2nd Floor
San Francisco, CA 94103
John.Funghi@sfmta.com
D 415.701.4299
C 415.420.7295

From: Funghi, John
Sent: Monday, May 07, 2012 5:08 PM
To: Reiskin, Ed; Breen, Kate
Subject: FW: Central Subway Prop 1A assurance funding

From: Funghi, John [mailto:John.Funghi@sfmta.com]
Sent: Friday, May 04, 2012 6:10 PM
To: Sinquefield, Robyn (FTA); 'Edward.Carranza@dot.gov'; 'Jeffrey.S.Davis@dot.gov'; Nguyen, Kim (FTA); David A. Kuehn
Cc: Reiskin, Ed; Breen, Kate; Bose, Sonali; Webster, Monique
Subject: FW: Central Subway Prop 1A assurance funding

Robyn,

I'm also attaching the signed Board of Supervisor Resolution by both the Clerk of the Board and Mayor Lee. Please let me know if you need any additional information.

Thanks

John Funghi
SFMTA Central Subway Program Director
821 Howard Street, 2nd Floor
San Francisco, CA 94103
John.Funghi@sfmta.com
D 415.701.4299
C 415.420.7295

From: Funghi, John
Sent: Friday, May 04, 2012 3:10 PM
To: 'Robyn.Sinquefield@dot.gov'; 'Edward.Carranza@dot.gov'; 'Jeffrey.S.Davis@dot.gov'; 'Kim.Nguyen@dot.gov'; David A. Kuehn
Cc: Reiskin, Ed; Breen, Kate; Bose, Sonali; Webster, Monique
Subject: FW: Central Subway Prop 1A assurance funding

Robyn,

I'm also attaching the signed Board of Supervisor Resolution by both the Clerk of the Board and Mayor Lee. Please let me know if you need any additional information.

Thanks

John Funghi
SFMTA Central Subway Program Director
821 Howard Street, 2nd Floor
San Francisco, CA 94103
John.Funghi@sfmta.com
D 415.701.4299
C 415.420.7295

[Supporting Assurance Funding for the Central Subway Project]

Resolution supporting SFMTA's commitment to issue revenue bonds as assurance funding for the Central Subway Project in the event of any delay or other shortfall in the availability of funding.

WHEREAS, The San Francisco Municipal Transportation Agency's (SFMTA) Central Subway, Phase 2 of the Third Street Light Rail Project (the Project), will complete a transit link connecting the southeastern sector of the City to the heart of San Francisco's retail and financial centers and Chinatown; and

WHEREAS, The Project will serve a low-income, transit-dependent population and provide access to jobs and services within the corridor, which is projected to see a 26 percent increase in population and a 61 percent increase in employment by 2030; and

WHEREAS, The Project is one of only two top New Starts projects in the region included in the Metropolitan Transportation Commission's Regional Transportation Plan (Transportation 2035), is integral to the region's transportation future, and will improve connections between Caltrain, BART, Muni Metro and future California High Speed Rail; and

WHEREAS, The Project is poised to receive a federal full funding grant agreement representing the federal commitment of $942 million in Federal Transit Administration (FTA) 5309 New Starts funds; and

WHEREAS, The Project is fully funded through a variety of local, state and federal sources, including Proposition 1A High Speed Rail (HSR) Connectivity Funds approved by the voters on November 4, 2008; under the formula provided in the High-Speed Rail Passenger Train Bond Act (codified in Streets and Highways Code §§ 2704 *et seq.*), SFMTA expects to receive approximately $61 million for the Project; and

WHEREAS, The FTA is seeking additional assurance with regard to the availability of the HSR Connectivity funds given that these funds are subject to possible delay due to the timing of bond issuance by the State of California; and

WHEREAS, The SFMTA currently has the authority under the City's Charter to issue revenue bonds to support SFMTA capital projects with the approval of the SFMTA Board of Directors and concurrence by the Board of Supervisors, and SFMTA has included $300 million of revenue bonds as a source of revenue in its 20 year Capital Improvement Plan; now, therefore, be it

RESOLVED, That the Board of Supervisors supports the SFMTA's determination to issue revenue bonds to serve as assurance funding in the event of any delay or other shortfall in Project funds, subject to approval by the SFMTA Board of Directors and concurrence by the Board of Supervisors.

City and County of San Francisco
Tails
Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 120417 **Date Passed:** May 01, 2012

Resolution supporting SFMTA's commitment to issue revenue bonds as assurance funding for the Central Subway Project in the event of any delay or other shortfall in the availability of funding.

May 01, 2012 Board of Supervisors - ADOPTED

Ayes: 11 - Avalos, Campos, Chiu, Chu, Cohen, Elsbernd, Farrell, Kim, Mar, Olague and Wiener

File No. 120417

I hereby certify that the foregoing Resolution was ADOPTED on 5/1/2012 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Mayor

5/3/2012
Date Approved

From: Breen, Kate
Sent: Thursday, May 03, 2012 11:58 AM
To: Reiskin, Ed
Subject: RE: Central Subway Prop 1A assurance funding

Just spoke to Robert…FTA has briefed McClintock, current projection is that FFGA will be sent to OMB/Secretary on May 15. Can you fill you in more on my discussion with him.

Kate Breen
Government Affairs Manager
San Francisco Municipal Transportation Agency
1 S. Van Ness Ave., 7th floor
San Francisco, CA 94103
415-701-4338

From: Reiskin, Ed
Sent: Thursday, May 03, 2012 11:54 AM
To: Breen, Kate
Subject: RE: Central Subway Prop 1A assurance funding

Great, thanks.

From: Breen, Kate
Sent: Thursday, May 03, 2012 11:37 AM
To: Reiskin, Ed
Subject: RE: Central Subway Prop 1A assurance funding

Update…it is normally 10 ten days unless is returned sooner….and so…the Mayor signed it this morning and the reso is now on its way to the clerk's office. We will get copy asap.

Kate Breen
Government Affairs Manager
San Francisco Municipal Transportation Agency
1 S. Van Ness Ave., 7th floor
San Francisco, CA 94103
415-701-4338

From: Reiskin, Ed
Sent: Thursday, May 03, 2012 7:55 AM
To: Breen, Kate
Subject: Re: Central Subway Prop 1A assurance funding

OK

From: "Funghi, John" <John.Funghi@sfmta.com>
To: "Reiskin, Ed" <Ed.Reiskin@sfmta.com>
Cc: "Breen, Kate" <Kate.Breen@sfmta.com>
Subject: Central Subway Prop 1A assurance funding
Date: Thu, May 3, 2012 7:50 am

Yes. Will transmit when available. We simply tried to push this along earlier with Robyn.

John

Sent from my Verizon Wireless Phone

From: Breen, Kate
Sent: Thursday, May 03, 2012 7:48 AM
To: Reiskin, Ed
Cc: Funghi, John
Subject: Re: Central Subway Prop 1A assurance funding

We are trying but have been told that will be in 10 days, this is it til then.

Sent from my iPhone

On May 2, 2012, at 10:00 PM, "Reiskin, Ed" <Ed.Reiskin@sfmta.com> wrote:

For the BOS reso, we should get the certified copy from the Clerk of the Board, if such exists. What you sent appears to be simply the reso as introduced, with nothing (other than the fact that it has ten sponsors) to signify that it passed.

From: Funghi, John
Sent: Wednesday, May 02, 2012 2:49 PM
To: Robyn.Sinquefield@dot.gov; 'Edward.Carranza@dot.gov'; 'Jeffrey.S.Davis@dot.gov'; Kim.Nguyen@dot.gov; 'David A. Kuehn'
Cc: Reiskin, Ed; Breen, Kate; Bose, Sonali; Webster, Monique
Subject: RE: Central Subway Prop 1A assurance funding

Robyn,

May 1, 2012 was a positive day for the Program, receiving unanimous approval from our SFMTA Board and SF Board of Supervisors in support of the assurance funding for Prop. 1A High Speed Rail connectivity funds. Attached, please find the resolutions for your files.

Please let me know when our FFGA application has been transmitted to OMB.

Thanks

John Funghi
SFMTA Central Subway Program Director
821 Howard Street, 2nd Floor
San Francisco, CA 94103
John.Funghi@sfmta.com
D 415.701.4299
C 415.420.7295

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. 12-062

WHEREAS, The San Francisco Municipal Transportation Agency's (SFMTA) Central Subway, Phase 2 of the Third Street Light Rail Project (the Project), will complete a transit link connecting the southeastern sector of the City to the heart of San Francisco's retail and financial centers and Chinatown; and

WHEREAS, The Project will serve a low-income, transit-dependent population and provide access to jobs and services within the corridor, which is projected to see a 26 percent increase in population and a 61 percent increase in employment by 2030; and

WHEREAS, The Project is one of only two top New Starts projects in the region included in the Metropolitan Transportation Commission's Regional Transportation Plan (Transportation 2035), is integral to the region's transportation future, and will improve connections between Caltrain, BART, Muni Metro and future California High Speed Rail; and

WHEREAS, The Project is poised to receive a federal full funding grant agreement representing the federal commitment of $942 million in Federal Transit Administration (FTA) 5309 New Starts funds; and

WHEREAS, The Project is fully funded through a variety of local, state and federal sources, including Proposition 1A High Speed Rail (HSR) Connectivity Funds approved by the voters on November 4, 2008; under the formula provided in the High-Speed Rail Passenger Train Bond Act (codified in Streets and Highways Code §§ 2704 *et seq*.), SFMTA expects to receive approximately $61 million for the Project; and

WHEREAS, The FTA is seeking additional assurance with regard to the availability of the HSR Connectivity funds given that these funds are subject to possible delay due to the timing of bond issuance by the State of California; and

WHEREAS, The SFMTA currently has the authority under the City's Charter to issue revenue bonds to support SFMTA capital projects with the approval of the SFMTA Board of Directors and concurrence by the Board of Supervisors, and SFMTA has included $300 million of revenue bonds as a source of revenue in its 20 year Capital Improvement Plan; now, therefore, be it

RESOLVED, That the SFMTA Board of Directors supports issuing revenue bonds to serve as assurance funding in the event of any delay or other shortfall in Central Subway, Phase 2 of the Third Street Light Rail Project funds, subject to concurrence by the Board of Supervisors.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of May 1, 2012.

R. Boomer

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

File No. 120417 Board Item No. 49

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Board of Supervisors Meeting **Date: May 1, 2012**

Cmte	Board	
☐	☐	**Motion**
☐	☑	**Resolution**
☐	☐	**Ordinance**
☐	☐	**Legislative Digest**
☐	☐	**Budget Analyst Report**
☐	☐	**Legislative Analyst Report**
☐	☐	**Youth Commission Report**
☐	☐	**Introduction Form (for hearings)**
☐	☐	**Department/Agency Cover Letter and/or Report**
☐	☐	**MOU**
☐	☐	**Grant Information Form**
☐	☐	**Grant Budget**
☐	☐	**Subcontract Budget**
☐	☐	**Contract/Agreement**
☐	☐	**Award Letter**
☐	☐	**Application**
☐	☐	**Public Correspondence**

OTHER:

Completed by: Annette Lonich **Date: April 26, 2012**

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

Print Form

Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp or meeting date

I hereby submit the following item for introduction (select only one):

☐ 1. For reference to Committee: _____

An ordinance, resolution, motion, or charter amendment.

☒ 2. Request for next printed agenda without reference to Committee.

☐ 3. Request for hearing on a subject matter at Committee: _____

☐ 4. Request for letter beginning "Supervisor _____ inquires"

☐ 5. City Attorney request.

☐ 6. Call File No. _____ from Committee.

☐ 7. Budget Analyst request (attach written motion).

☐ 8. Substitute Legislation File No. _____

☐ 9. Request for Closed Session (attach written motion).

☐ 10. Board to Sit as A Committee of the Whole.

☐ 11. Question(s) submitted for Mayoral Appearance before the BOS on _____

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

☐ Small Business Commission ☐ Youth Commission ☐ Ethics Commission

☐ Planning Commission ☐ Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a different form.

Sponsor(s):

Wiener, Chiu, Avalos, Mar, Campos, Olague, Cohen, Kim, Chu, Farrell

Subject:

Supporting Assurance Funding for the Central Subway Project

The text is listed below or attached:

Resolution supporting SFMTA's commitment to issue revenue bonds as assurance funding for the Central Subway Project in the event of any delay or any shortfall in the availability of funding.

Signature of Sponsoring Supervisor: _____

For Clerk's Use Only:

120417

[Supporting Assurance Funding for the Central Subway Project]

Resolution supporting SFMTA's commitment to issue revenue bonds as assurance funding for the Central Subway Project in the event of any delay or other shortfall in the availability of funding.

WHEREAS, The San Francisco Municipal Transportation Agency's (SFMTA) Central Subway, Phase 2 of the Third Street Light Rail Project (the Project), will complete a transit link connecting the southeastern sector of the City to the heart of San Francisco's retail and financial centers and Chinatown; and

WHEREAS, The Project will serve a low-income, transit-dependent population and provide access to jobs and services within the corridor, which is projected to see a 26 percent increase in population and a 61 percent increase in employment by 2030; and

WHEREAS, The Project is one of only two top New Starts projects in the region included in the Metropolitan Transportation Commission's Regional Transportation Plan (Transportation 2035), is integral to the region's transportation future, and will improve connections between Caltrain, BART, Muni Metro and future California High Speed Rail; and

WHEREAS, The Project is poised to receive a federal full funding grant agreement representing the federal commitment of $942 million in Federal Transit Administration (FTA) 5309 New Starts funds; and

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WHEREAS, The SFMTA currently has the authority under the City's Charter to issue revenue bonds to support SFMTA capital projects with the approval of the SFMTA Board of Directors and concurrence by the Board of Supervisors, and SFMTA has included $300 million of revenue bonds as a source of revenue in its 20 year Capital Improvement Plan; now, therefore, be it

RESOLVED, That the Board of Supervisors supports the SFMTA's determination to issue revenue bonds to serve as assurance funding in the event of any delay or other shortfall in Project funds, subject to approval by the SFMTA Board of Directors and concurrence by the Board of Supervisors.

From: Breen, Kate
Sent: Thursday, April 19, 2012 10:13 AM
To: Robyn.Sinquefield@dot.gov
Cc: Funghi, John
Subject: Central Subway Prop 1A assurance funding

Hi Robyn,

Following our conversation this week and in advance of anticipated SFMTA Board action and a parallel action by the SF Board of Supervisors regarding assurance funding for Prop. 1A High Speed Rail connectivity funds for the Central Subway project, please find attached the two documents that will be advanced for approval on May 1. Please let us know if you need any additional information relating to these resolutions so we can be sure that any issues are addressed in a timely manner with the goal of advancing the FFGA as expeditiously as possible.

Thank you,
Kate

Kate Breen
Government Affairs Manager
San Francisco Municipal Transportation Agency
1 S. Van Ness Ave., 7th floor
San Francisco, CA 94103
415-701-4338

Email Chain:

5/1/12 MTAB meeting management

From: Boomer, Roberta
Sent: Monday, April 30, 2012 3:16 PM
To: Reiskin, Ed
Subject: RE: 5/1/12 MTAB meeting management

Thanks

From: Reiskin, Ed
Sent: Monday, April 30, 2012 3:13 PM
To: Boomer, Roberta; Tom Nolan; Cheryl Brinkman (Cheryl.Brinkman@gmail.com)
Subject: RE: 5/1/12 MTAB meeting management

No need for presentation. I will be ready to speak to the item, either proactively or in response to MTAB questions.

From: Boomer, Roberta
Sent: Monday, April 30, 2012 2:36 PM
To: Tom Nolan; Cheryl Brinkman (Cheryl.Brinkman@gmail.com); Reiskin, Ed
Subject: 5/1/12 MTAB meeting management

Tom, Cheryl and Ed:

Kate and I have drafted language for tomorrow's meeting re: the Central Subway funding item (10.4 on Consent). FYI – Staff is arranging for supporters to attend tomorrow's board meeting to speak in support of the item. As you are aware, those opposed have requested that the item be severed and that staff make a presentation. They are welcome to show up at the meeting and sever the item, however, their request for a staff presentation is something that the Chairman can grant or not. I know that Ed will be ready to respond if asked, however, Kate and I suggest that another staff recommendation isn't necessary……thus the draft language below.

The basic question – is there benefit to staff making another presentation on this item?

Directors: if desired we could have staff make a presentation on this item, however, because the central subway funding plan was approved last year, today's item only covers ground that has already been presented to us. Today's action provides additional backup funds should there be a delay in receiving the high speed rail connectivity funds due to the state's ongoing discussion regarding that project. The MTA has provided similar assurances for every other fund source committed to the Central Subway project so this action is in line with what an agency is always asked to provide as part of the final review process by the FTA. As you have heard from Director Reiskin, there has been good progress made with regard to the High Speed Rail project as evidenced by several recent MOU's related to the blended high speed rail plan. While we anticipate a positive outcome in the near future for high speed rail, today's action just provides additional assurance to the FTA for our project, therefore I don't think that additional staff review is necessary at this point.